

HOUSE BILL 1744

By Matlock

AN ACT to amend Tennessee Code Annotated, Title 47,
Chapter 14 and Title 56, relative to interest
payable on life insurance policies and annuities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-7-315, is amended by deleting the section and substituting instead the following:

(a) Each insurer admitted to transact life insurance in this state shall pay interest on proceeds or payments under any life insurance policy or annuity payable to a beneficiary residing in this state, to a beneficiary under a policy or annuity issued in this state, or to a beneficiary under a policy or annuity insuring a person residing in this state at the time of death.

(b) Interest payable pursuant to subsection (a) is computed from the insured's or annuitant's death until the date of payment and must be at the following rate of interest:

(1) If an action to recover the proceeds due under the policy or annuity is commenced and results in a judgment against the insurer, interest is computed at the legal rate of interest pursuant to §§ 47-14-121 - 47-14-123; or

(2) If no action has been commenced, interest is computed daily at the greater of the rate of six percent (6%) per annum or the highest interest rate currently paid by the insurer on proceeds left under an interest settlement option. However, when a claim for the policy proceeds is filed with the insurer, interest is computed daily from thirty (30) days after the date the claim is filed until the date of payment at the rate of twelve percent (12%).

(c) This section does not:

(1) Apply to proceeds under any policy or annuity paid within thirty (30) days after the date of death of the insured;

(2) Require the payment of interest in an amount of less than five dollars (\$5.00);

(3) Apply to policies of credit life insurance;

(4) Require the payment of interest for any period during which an insurer is required to pay interest under any state or federal law pertaining to interpleader; or

(5) Apply to any individual policy issued within twelve (12) months of the death of the insured.

(d) For the purposes of this section, payment is deemed to have been received by a resident when manually delivered by an agent or representative of the insurer or when deposited by the insurer in the United States mail, postage prepaid, and directed to the resident at the resident's last known address, as evidenced by the business records of the insurer.

(e)

(1) For the purposes of this section, a claim is deemed to have been filed with an insurer on the date that the insurer receives a substantially completed application or other written notice for the policy proceeds and reasonable proof of death of the insured.

(2) In cases of group life insurance, a claim is deemed to have been filed on the date that the insurer receives the information provided in subdivision (e)(1) and receives from the group policyholder written evidence of eligibility for coverage.

SECTION 2. This act shall take effect July 1, 2018, the public welfare requiring it.